

Message Text

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PAGE 01 STATE 156979
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SUBJECT: SENATE FINANCE COMMITTEE APPROVES HUNGARIAN TRADE
AGREEMENT

REF: STATE 143092 (NOTAL)

1. SUMMARY - DURING AN EXECUTIVE SESSION ON JUNE 20, THE
SENATE FINANCE COMMITTEE AGREED TO REPORT OUT FAVORABLY THE
APPROVAL RESOLUTION FOR THE US-HUNGARIAN TRADE AGREEMENT.
THE APPROVAL RESOLUTION WILL BE REFERRED TO THE FLOOR OF
THE SENATE, WHICH WILL THEN HAVE 15 WORKING DAYS IN WHICH
TO ACT. ACCORDING TO COMMITTEE STAFF, SENATE ACTION IS NOT
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PAGE 02 STATE 156979

EXPECTED UNTIL AFTER THE SENATE RETURNS FROM THE JULY 1-9
RECESS. ALTHOUGH NO OPPOSITION WAS EXPRESSED BY ANY OF THE
10 SENATORS PRESENT TO REPORTING OUT THE RESOLUTION FAVOR-
ABLY, QUESTIONS RAISED BY SENATOR DOLE DURING THE EXECUTIVE
SESSION CLEARLY INDICATE THAT HE IS CONTEMPLATING RAISING
OBJECTIONS TO EXTENSION OF THE JACKSON-VANIK WAIVER FOR
HUNGARY, AND PERHAPS ROMANIA AS WELL, WHEN THE PRESIDENT'S

WAIVER RECOMMENDATIONS ARE CONSIDERED BY THE COMMITTEE'S INTERNATIONAL TRADE SUBCOMMITTEE ON JULY 12. IN ADDITION, SENATOR CURTIS EXPRESSED INTEREST IN AMENDING SECTION 409 OF THE TRADE ACT TO DELETE THE WAIVER PROVISION (409 (D)), AND SENATOR DANFORTH RAISED A NEW ISSUE OF PATENT PROTECTION

PROBLEMS WHICH THE US AGRICULTURAL CHEMICAL INDUSTRY IS EXPERIENCING WITH HUNGARY. END SUMMARY.

2. WITH ALMOST NO ADVANCE WARNING, THE DEPARTMENT WAS INFORMED ON JUNE 20 THAT SENATORS LONG AND RIBICOFF HAD DECIDED TO TAKE UP THE HUNGARIAN TRADE AGREEMENT THAT SAME MORNING RATHER THAN WAIT FOR THE EXECUTIVE SESSION OF THE FINANCE COMMITTEE SCHEDULED FOR JUNE 22. THE CHANGE IN TIMING WAS FOR SCHEDULING REASONS UNRELATED TO THE TRADE AGREEMENT APPROVAL RESOLUTION.

3. FOLLOWING BRIEF INTRODUCTORY REMARKS BY FINANCE STAFF MEMBER ROBERT CASSIDY (WHO ALSO FIELDING THE COMMITTEE MEMBERS' SUBSEQUENT QUESTIONS), SENATORS CURTIS AND DOLE ASKED A SERIES OF QUESTIONS ABOUT THE MECHANICS OF THE "FAST TRACK" PROCEDURE FOR CONGRESSIONAL ACTION ON TRADE AGREEMENTS (TRADE ACT SECTION 151). CURTIS SAID HE WAS INTERESTED IN INTRODUCING AN AMENDMENT TO TRADE ACT SECTION 409 (FREEDOM TO EMIGRATE TO JOIN A VERY CLOSE RELATIVE IN THE UNITED STATES) WHICH WOULD HAVE LIMITED OFFICIAL USE

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PAGE 03 STATE 156979

THE EFFECT OF ELIMINATING THE POSSIBILITY OF THE PRESIDENT WAIVING THIS SECTION ALONG WITH THE JACKSON-VANIK PROVISIONS (SECTION 402). CURTIS WAS TOLD RULES FOR TRADE AGREEMENT APPROVAL OR WAIVER DISAPPROVAL RESOLUTIONS WOULD NOT PERMIT ATTACHMENT OF AMENDMENT, AND (B) IF HE WISHED TO RAISE SECTION 409 ISSUE, IT WOULD BE APPROPRIATE TO DO SO WHEN THE FINANCE COMMITTEE'S INTERNATIONAL TRADE SUBCOMMITTEE CONSIDERED THE PRESIDENT'S WAIVER RECOMMENDATIONS FOR HUNGARY AND ROMANIA IN HEARINGS NOW SCHEDULED FOR JULY 12.

4. SENATOR DOLE ASKED A NUMBER OF PROCEDURAL QUESTIONS AND REQUESTED THAT THE VEST-RIBICOFF LETTER OF MAY 26, WHICH ANSWERED QUESTIONS DOLE HAD IN THE MAY 9TH HEARINGS ON IMMIGRANTS' ABILITY TO TAKE PROPERTY OUT OF HUNGARY AND THE OCCUPATIONAL MIX OF HUNGARIANS ALLOWED TO EMIGRATE, BE MADE PART OF THE RECORD. (COMMENT: ALTHOUGH DOLE MADE ALMOST NO SUBSTANTIVE COMMENTS, THE DIRECTION OF HIS QUESTIONS -- AND INFORMATION WE HAD LEARNED ON JUNE 19 FROM A COMMITTEE STAFF MEMBER -- MAKE IT APPEAR THAT HE IS PLANNING TO EXPRESS OPPOSITION TO BOTH THE HUNGARIAN AND ROMANIAN TRADE AGREEMENT, AND MAY ATTEMPT SOME ACTION TO BLOCK

EXTENSION OF WAIVER AUTHORITY FOR BOTH. END COMMENT)

5. FOLLOWING DOLE'S QUESTIONS, SENATOR MOYNIHAN STATED HE BELIEVED THE WAIVERS GRANTED THUS FAR BY THE PRESIDENT WERE VERY MUCH IN THE SPIRIT OF THE JACKSON-VANIK AMENDMENT, WHOSE OBJECT WAS TO ENCOURAGE EMIGRATION. SUBSTANTIAL PROGRESS HAD BEEN ACHIEVED WITH ROMANIA AND NOW WITH

HUNGARY. IT APPEARED, THEREFORE, THAT THE POLICY WAS BEING SUCCESSFULLY IMPLEMENTED. HE SAID THAT WHILE HE WAS NOT SUGGESTING THAT HUNGARY'S ACTIONS ON EMIGRATION WERE BEING TAKEN IN RESPONSE TO US LAW, IT WAS CLEAR THAT THEY WERE IN HARMONY WITH IT.

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PAGE 04 STATE 156979

6. CHAIRMAN LONG ASKED IF THERE WAS OPPOSITION TO THE AGREEMENT. IN RESPONSE, STAFF MEMBER CASSIDY STATED THAT THE COMMITTEE HAD NOT HEARD FROM ANYONE WHO OPPOSED THE AGREEMENT, ALTHOUGH THERE WERE INDIVIDUALS WHO HAD "VARIOUS TRADE COMPLAINTS". ON LONG'S PROPOSAL, AND WITH NO OPPOSITION EXPRESSED, THE COMMITTEE THEN AGREED TO REPORT THE APPROVAL RESOLUTION OUT FAVORABLY TO THE FLOOR OF THE SENATE.

7. SENATORS ROTH, TALMADGE, HATHAWAY, BYRD, HANSEN, AND PACKWOOD ALSO WERE PRESENT BUT DID NOT SPEAK DURING THE COMMITTEE'S 15-MINUTE CONSIDERATION OF THE HUNGARIAN AGREEMENT.

8. LATER IN THE SESSION, SENATOR DANFORTH (R-MISSOURI), DESCRIBED ALLEGED HUNGARIAN PATENT VIOLATIONS WHICH THE NATIONAL AGRICULTURAL CHEMICALS ASSOCIATION HAD CALLED TO HIS ATTENTION REGARDING PESTICIDES AND HERBICIDES. DANFORTH REQUESTED THAT THE COMMITTEE'S REPORT TO THE SENATE ON THE TRADE AGREEMENT EXPRESS CONCERN REGARDING THIS PROBLEM. COMMENT: THE STAFF TOLD US SUBSEQUENTLY THAT SOME REFERENCE TO THIS PROBLEM WILL BE INCLUDED IN THE REPORT. WE ARE INVESTIGATING THE ISSUE AND WILL REPORT FURTHER. END COMMENT. VANCE

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